

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: July 23, 2008
Request for Initial Resolution Amendment Approval

Prepared by: *Michael Smith*

Applicant: GreenWaste Recovery, Inc. and/or Affiliates	Amount Requested: \$30,550,000
Project: San Jose (Santa Clara County)	Application No.: 811
Location: Petaluma (Sonoma County) and Watsonville (Santa Cruz County)	Initial Resolution No.: 08-05
	Prior Actions: IR 08-05 Approved 05/28/08

Summary of Request: GreenWaste Recovery, Inc. and/or its Affiliates (the “Company” or “GreenWaste”) received Initial Resolution approval in May 2008 for an amount not to exceed \$17,085,000 to finance construction, and to purchase vehicles and equipment. GreenWaste requests to increase the IR amount to \$30,550,000 to purchase additional equipment and construct and improve new and existing buildings and storage areas on other locations either operated by, or proposed to be operated by, the Company.

Borrower: GreenWaste Recovery Inc. was incorporated in San Jose in May 1991 and also does business as \$99 Debris Box Company. Affiliated companies include Zanker Road Resource Management, Ltd., of which Z-Best Composting is a division, and GreenTeam/Zanker of Sunnyvale. The Company provides residential and commercial collection of garbage, recyclables and yard trimmings as well as street sweeping and debris box services. The Company also operates several facilities, including material recovery facilities (MRFs) and transfer stations in the San Jose area.

The Company has contracts to service San Jose and Santa Clara (Santa Clara County), Portola Valley and Woodside (San Mateo County), San Juan Bautista (San Benito County), Petaluma (Sonoma County), and unincorporated areas of Santa Cruz, San Mateo, San Benito, and Santa Clara Counties.

The principal stockholders of the Company are listed on Attachment A.

Legal Questionnaire: Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

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Prior Actions and Financings: The Company’s IR 08-05 was approved by the Board on May 5, 2008 for an amount not to exceed \$17,085,000. Prior financings are detailed below.

Project	Issue Date	Amount Issued	Bond Amount Outstanding as of 06/30/08
GreenWaste of Tehama*	06/03/1999	\$ 3,435,000	\$ 580,000
GreenWaste Recovery, Inc.	06/03/1999	3,625,000	1,465,000
Zanker Road Landfill	06/03/1999	6,370,000	3,535,000
Zanker Road Landfill	06/03/1999	2,960,000	0
GreenWaste Recovery, Inc.	10/10/2001	8,305,000	520,000
GreenWaste Recovery, Inc.	01/06/2006	12,315,000	10,255,000
GreenWaste Recovery, Inc.	05/30/2007	<u>38,305,000</u>	<u>36,790,000</u>
	Totals:	<u>\$75,315,000</u>	<u>\$53,145,000</u>

*This bond was assumed by Waste Connections in 2003.

Previous Project Description: The Company’s previously approved project description is accurate and the Company requests to purchase additional equipment and construct and improve existing buildings and storage areas on other locations operated by the Company.

The Company’s previously approved project description is as follows:

San Jose’s existing operations at 625, 645, & 565 Charles Street will be expanded to increase capacity due to new or renewed contracts with the cities of Woodside, Portola Valley, and Los Altos Hills. This includes building a new maintenance shop; installing paving and drainage; as well as purchase of equipment, utility vehicles, carts, bins and containers, computer system upgrades and ON-Route GPS systems. The Company anticipates computer system upgrades as well as utility vehicle purchases at the corporate yard located at 1500 Berger Drive in San Jose.

For the site in Petaluma at 1309 Dynamic Street, the Company anticipates accomplishing CARB compliant retrofits for its collection vehicles; purchasing carts, bins and containers; constructing a wash rack and a bunker for recyclables.

The Company anticipates purchasing carts, bins and containers as well as ON-Route GPS systems for the Watsonville site.

The collection vehicles and carts, bins and containers may be used and housed throughout the Company’s service areas.

The anticipated Project and issuance costs for this request are listed below.

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<i>Project Components</i>	<i>San Jose</i>	<i>Watsonville</i>	<i>Petaluma</i>	<i>Total</i>
<i>MRF improvements</i>	\$2,640,000			\$2,640,000
<i>Building & site improvements</i>	2,200,000			2,200,000
<i>Truck replacement/CARB retrofits</i>	5,030,000		\$450,000	5,480,000
<i>Carts, bins & containers</i>	1,958,000	\$225,000	125,000	2,308,000
<i>Equipment</i>	250,000			250,000
<i>Utility vehicles</i>	460,000			460,000
<i>Computer system upgrades</i>	740,000			740,000
<i>ON-Route GPS system</i>	262,000	250,000		512,000
<i>Debris box trucks</i>		400,000		400,000
<i>Improve Industrial Rd facility</i>		975,000		975,000
<i>Wash rack</i>			125,000	125,000
<i>Bunker for recyclables</i>			500,000	500,000
Project Costs:	<u>\$13,540,000</u>	<u>\$1,850,000</u>	<u>\$1,200,000</u>	<u>\$16,590,000</u>
<i>Financing Costs</i>				495,000
Total:				<u>\$17,085,000</u>

Amended Project Description: The Company requests changes to the approved projects, most significantly to add a site and associated equipment, specifically 1150 Walsh Avenue, Santa Clara. Other requested changes include a decrease in site improvement costs and additional equipment costs at the Company’s San Jose facilities.

The Company requests the following (changes are shown as bolded costs).

Project Components	San Jose	Watsonville	Petaluma	Santa Clara	Total
MRF improvements	\$ 2,640,000				\$ 2,640,000
Building & site improvements	1,700,000				1,700,000
Collection Vehicle	5,030,000		\$ 450,000	\$ 8,500,000	13,980,000
Replacement/CARB retrofits					
Carts, bins & containers	1,958,000	225,000	125,000	2,520,000	4,828,000
Equipment	750,000			195,000	945,000
Utility vehicles	460,000			980,000	1,440,000
Computer system upgrades	740,000				740,000
ON-Route GPS system	262,000	250,000		200,000	712,000
Debris box trucks		400,000			400,000
Improvements to facility		975,000		700,000	1,675,000
Wash rack			125,000		125,000
Bunker for recyclables			500,000		500,000
Project Costs:	<u>\$13,540,000</u>	<u>\$1,850,000</u>	<u>\$1,200,000</u>	<u>\$13,095,000</u>	<u>\$29,685,000</u>
Financing Costs					865,000
Grand Total:					<u>\$30,550,000</u>

The collection vehicles and carts, bins and containers may be used and housed throughout the Company’s service areas in the Counties of San Mateo, Santa Cruz, Sonoma and Santa Clara.

Anticipated Timeline: The Company began equipment purchases in May 2008, and anticipates construction beginning in June 2008, with a scheduled completion date of January 2009.

Pollution Control and/or Environmental Benefits: The Company represents the Project will generate the pollution control and environmental benefits previously approved.

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Permits: The Company will provide the Authority with copies of all required discretionary permits prior to requesting approval for Final Resolution.

Volume Cap Allocation: The Company has applied to the Authority to receive Volume Cap Allocation on August 27, 2008.

Financing Details: The Company anticipates issuance of negotiated tax-exempt, weekly reset, variable rate bonds with a term not to exceed 30-years for the qualifying portion of the Project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit that is rated at least “A-” by Fitch Rating Agency or equivalent. The target date for financing is the third quarter of 2008.

Financing Team:

Underwriter: Westhoff, Cone & Holmstedt
Bond Counsel: Law Offices of Leslie M. Lava
Financial Advisor: Andrew S. Rose
Issuer’s Counsel: Office of the Attorney General

Staff Recommendation: Staff recommends approval of amendment to Initial Resolution No. 08-051 for an amount not to exceed \$30,550,000 for GreenWaste Recovery, Inc. and/or its Affiliates.

Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.

AMENDMENT OF INITIAL RESOLUTION TO ISSUE BONDS
TO FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
GREENWASTE RECOVERY, INC. AND/OR ITS AFFILIATES

July 23, 2008

WHEREAS, the California Pollution Control Financing Authority (“Authority”) by its Resolution No. 08-05 (“Initial Resolution”) has heretofore approved the application of GreenWaste Recovery, Inc., a California corporation, and/or its Affiliates (as defined therein) (collectively, “Company”), for financial assistance in defraying the costs of financing facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities, as further described in its application for such approval, and has authorized the issuance of revenue bonds to provide such financial assistance; and

WHEREAS, the Initial Resolution authorized the issuance of such revenue bonds for the financing of solid waste disposal/recycling facilities and equipment to be owned and operated by the Company, which was expected to be comprised of the construction and rehabilitation of buildings, site improvements and the acquisition and/or retrofitting of solid waste, processing, transporting and recycling related vehicles and equipment and other equipment functionally related thereto, including without limitation drop boxes, bins, carts and containers (the “Initial Facilities”), to be located at the sites described in Exhibit A thereto (the “Initial Exhibit A”); and

WHEREAS, the Company now desires, and has requested the Authority, to amend the Initial Resolution in order to (i) increase the maximum principal amount of such revenue bonds from \$17,085,000 to \$30,550,000; (ii) amend the definition of the Initial Facilities to include the construction and improvement of new and existing buildings and storage areas housing solid waste disposal operations (as so amended, the “Facilities”); and (iii) add additional sites at which certain of the Facilities will be located to the addresses listed in the Initial Exhibit A, all such sites being set forth in Exhibit A hereto; and

WHEREAS, the Authority has determined that it is necessary and advisable that the foregoing be approved.

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Authority hereby (i) approves the increase in the maximum principal amount of such revenue bonds to \$30,550,000, and any references in the Initial Resolution to “\$17,085,000” shall be changed to “\$30,550,000”; (ii) approves the amendment of the definition of Facilities in the Initial Resolution as set forth above and any references in the Initial Resolution to “Facilities” shall refer to “Facilities” as defined in this Amendment of Initial Resolution; and (iii) approves Exhibit A hereto and any references in the Initial Resolution to “Exhibit A” thereto shall refer to “Exhibit A” as set forth in this Amendment of Initial Resolution.

Section 2. The Initial Resolution, as amended by this Amendment of Initial Resolution, shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, it shall cease to be effective on July 23, 2011 unless prior thereto the Authority specifically adopts a further resolution extending the effective date of the Initial Resolution, as amended by this Amendment of Initial Resolution, which it will do only after receiving a specific request for such action from the Company, accompanied by an explanation of the reason why the project has not proceeded prior to the date of the letter.

Section 3. Except as amended by Sections 1 and 2 hereof, all provisions and conditions of the Initial Resolution shall remain unchanged and in full force and effect.

Section 4. The Executive Director of the Authority is hereby authorized and directed to do any and all ministerial acts in order to communicate this Amendment of Initial Resolution to the Company and otherwise to effectuate the purposes of this Amendment of Initial Resolution.

EXHIBIT A

NUMBER:	08-05
LOCATIONS:	(1) 1309 Dynamic Street Petaluma, CA 94954
	(2) 565, 625 & 645 Charles Street San Jose, CA 95112
	(3) 1500 Berger Drive San Jose, CA 95112
	(4) 1340 West Beach Street Watsonville, CA 95076
	(5) 275 Industrial Road Watsonville, CA 95076
	(6) 1150 Walsh Avenue Santa Clara, CA 95050
	(7) Customers' locations throughout the Company's service areas in the Counties of San Mateo, Santa Cruz, Sonoma and Santa Clara
TYPE:	Solid Waste Disposal/Resource Recovery
AMOUNT:	Up to \$30,550,000

ATTACHMENT A

GreenWaste Recovery, Inc. Ownership

Stockholders	Percentage
Richard & Diane Cristina Trust	19.79%
Murray Hall Trust	17.28%
Jesse Weigel.....	16.67%
William & Linda Giannini Trustees.....	4.79%
Robert Dubcich	4.27%
Eric A. and Vivian M. Bracher Trustees.....	4.27%
Gene & Patricia Carter Trustees	4.17%
Gary Giannini.....	4.17%
Patricia Sheehan.....	4.17%
Herb Sweatt.....	4.17%
Nancy Sweatt	4.17%
Frank Weigel.....	4.17%
Gary Madden	2.08%
Mary Jane Filice.....	2.08%
Clayton & Sandra Feldman.....	2.08%
Antoinette Cristina Survivor’s Trust.....	1.67%
Total	<u>100.0000%</u>

Affiliated Ownership:

Zanker Road Resource Management

General Partners:	Percentage
Zanker Road Resource Recovery, Inc.....	30.00%
H.L. Sweatt, Inc.	10.00%
Limited Partners:	
John D. Couch.....	9.0044%
Dianna Couch.....	9.0044%
Mary Lou Couch.....	0.5205%
Kenneth W. Zerbe.....	7.0588%
Gene R. Carter	7.0588%
Neal Family Revocable Trust	5.2941%
Jesse Weigel.....	2.6471%
Herbert L. Sweatt	0.8824%
Nancy Sweatt	0.8824%
Cristina 1993 Irrevocable Trust	0.8824%
Phyllis Wilks.....	0.8824%
Richard A. Cristina	1.7647%
Sportsell L.P. #4.....	10.5882%
Shilling & Kenyon Profit Sharing Trust	1.7637%
Shilling & Kenyon, Inc.	1.7637%
Total	<u>100.0000%</u>

GreenTeam/Zanker of Sunnyvale

General Partners	Percentage
Zanker Road Resource Management	50.00%
GreenTeam of San Jose *	50.00%
Total	<u>100.0000%</u>

* GreenTeam of San Jose is owned 50% each by GreenWaste Recovery and Green Valley Disposal and Recycling. Green Valley Disposal and Recycling is not otherwise related to the applicant.